



Rep. Daniel J. Burke

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1 AMENDMENT TO SENATE BILL 440

2 AMENDMENT NO. _____. Amend Senate Bill 440 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Pension Code is amended by
5 changing Sections 5-153, 5-155, 5-163, 5-167.1, 5-167.4,
6 5-169, 5-170, 5-238, 6-128.4, 6-150, 6-158, 6-164, 6-166,
7 6-167, and 6-229 as follows:

8 (40 ILCS 5/5-153) (from Ch. 108 1/2, par. 5-153)

9 Sec. 5-153. Death benefit.

10 (a) Effective January 1, 1962, an ordinary death benefit is
11 payable on account of any policeman in service and in receipt
12 of salary on or after such date, which benefit is in addition
13 to all other annuities and benefits herein provided. This
14 benefit is payable upon death of a policeman:

15 (1) occurring in active service while in receipt of
16 salary;

1 (2) on an authorized and approved leave of absence,
2 without salary, beginning on or after January 1, 1962, if
3 the death occurs within 60 days from the date the employee
4 was in receipt of salary; or otherwise in the service and
5 not separated by resignation or discharge beginning
6 January 1, 1962 if death occurs before his resignation or
7 discharge from the service;

8 (3) receiving duty disability or ordinary disability
9 benefit;

10 (4) occurring within 60 days from the date of
11 termination of duty disability or ordinary disability
12 benefit payments if re-entry into service had not occurred;
13 or

14 (5) occurring on retirement and while in receipt of an
15 age and service annuity, Tier 2 monthly retirement annuity,
16 or prior service annuity; provided (a) retirement on such
17 annuity occurred on or after January 1, 1962, and (b) such
18 separation from service was effective on or after the
19 policeman's attainment of age 50, and (c) application for
20 such annuity was made within 60 days after separation from
21 service.

22 (b) The ordinary death benefit is payable to such
23 beneficiary or beneficiaries as the policeman has nominated by
24 written direction duly signed and acknowledged before an
25 officer authorized to take acknowledgments, and filed with the
26 board. If no such written direction has been filed or if the

1 designated beneficiaries do not survive the policeman, payment
2 of the benefit shall be made to his estate.

3 (c) Until December 31, 1977, if death occurs prior to
4 retirement on annuity and before the policeman's attainment of
5 age 50, the amount of the benefit payable is \$6,000. If death
6 occurs prior to retirement, at age 50 or over, the benefit of
7 \$6,000 shall be reduced \$400 for each year (commencing on the
8 policeman's attainment of age 50, and thereafter on each
9 succeeding birthdate) that the policeman's age, at date of
10 death, is more than age 50, but in no event below the amount of
11 \$2,000. However, if death results from injury incurred in the
12 performance of an act or acts of duty, prior to retirement on
13 annuity, the amount of the benefit payable is \$6,000
14 notwithstanding the age attained.

15 Until December 31, 1977, if the policeman's death occurs
16 while he is in receipt of an annuity, the benefit is \$2,000 if
17 retirement was effective upon attainment of age 55 or greater.
18 If the policeman retired at age 50 or over and before age 55,
19 the benefit of \$2,000 shall be reduced \$100 for each year or
20 fraction of a year that the policeman's age at retirement was
21 less than age 55 to a minimum payment of \$1,500.

22 After December 31, 1977, and on or before January 1, 1986,
23 if death occurs prior to retirement on annuity and before the
24 policeman's attainment of age 50, the amount of the benefit
25 payable is \$7,000. If death occurs prior to retirement, at age
26 50 or over, the benefit of \$7,000 shall be reduced \$400 for

1 each year (commencing on the policeman's attainment of age 50,
2 and thereafter on each succeeding birthdate) that the
3 policeman's age, at date of death, is more than age 50, but in
4 no event below the amount of \$3,000. However, if death results
5 from injury incurred in the performance of an act or acts of
6 duty, prior to retirement on annuity, the amount of the benefit
7 payable is \$7,000 notwithstanding the age attained.

8 After December 31, 1977, and on or before January 1, 1986,
9 if the policeman's death occurs while he is in receipt of an
10 annuity, the benefit is \$2,250 if retirement was effective upon
11 attainment of age 55 or greater. If the policeman retired at
12 age 50 or over and before age 55, the benefit of \$2,250 shall
13 be reduced \$100 for each year or fraction of a year that the
14 policeman's age at retirement was less than age 55 to a minimum
15 payment of \$1,750.

16 After January 1, 1986, if death occurs prior to retirement
17 on annuity and before the policeman's attainment of age 50, the
18 amount of benefit payable is \$12,000. If death occurs prior to
19 retirement, at age 50 or over, the benefit of \$12,000 shall be
20 reduced \$400 for each year (commencing on the policeman's
21 attainment of age 50, and thereafter on each succeeding
22 birthdate) that the policeman's age, at date of death, is more
23 than age 50, but in no event below the amount of \$6,000.
24 However, if death results from injury in the performance of an
25 act or acts of duty, prior to retirement on annuity, the amount
26 of benefit payable is \$12,000 notwithstanding the age attained.

1 After January 1, 1986, if the policeman's death occurs
2 while he is in receipt of an annuity, the benefit is \$6,000.

3 (Source: P.A. 84-1104.)

4 (40 ILCS 5/5-155) (from Ch. 108 1/2, par. 5-155)

5 Sec. 5-155. Ordinary disability benefit. A policeman less
6 than age 63 who becomes disabled after the effective date as
7 the result of any cause other than injury incurred in the
8 performance of an act of duty, shall receive ordinary
9 disability benefit during any period or periods of disability
10 exceeding 30 days, for which he does not have a right to
11 receive any part of his salary. Payment of such benefit shall
12 not exceed, in the aggregate, throughout the total service of
13 the policeman, a period equal to one-fourth of the service
14 rendered to the city prior to the time he became disabled, nor
15 more than 5 years. In computing such period of service, the
16 time that the policeman received ordinary disability benefit
17 shall not be included.

18 When a disabled policeman becomes age 63 or would have been
19 retired by operation of law, whichever is later, the disability
20 benefit shall cease. The policeman, if still disabled, shall
21 thereafter receive such annuity as is provided in accordance
22 with other provisions of this Article.

23 Ordinary disability benefit shall be 50% of the policeman's
24 salary, as salary is defined in this Article (including the
25 limitation in Section 5-238 if applicable), at the time

1 disability occurs. Until September 1, 1969, before any payment,
2 an amount equal to the sum ordinarily deducted from the
3 policeman's salary for all annuity purposes for the period for
4 which payment of ordinary disability benefit is made shall be
5 deducted from such payment and credited as a deduction from
6 salary for such period. Beginning September 1, 1969, the city
7 shall also contribute all amounts ordinarily contributed by it
8 for annuity purposes for the policeman as if he were in active
9 discharge of his duties. Such sums so credited shall be
10 regarded, for annuity and refund purposes, as sums contributed
11 by the policeman.

12 (Source: P.A. 86-272.)

13 (40 ILCS 5/5-163) (from Ch. 108 1/2, par. 5-163)

14 Sec. 5-163. Refund - General. (a) A policeman, without
15 regard to his period of service, who withdraws before age 50,
16 and a policeman with less than 10 years of service who
17 withdraws before age 57, is entitled to a refund of the amount
18 deducted from his salary for age and service annuity or Tier 2
19 monthly retirement annuity, for automatic annual increase in
20 annuity as provided in Section 5-167.1, and for widow's annuity
21 or Tier 2 surviving spouse's annuity, together with interest at
22 1-1/2% per year on each deduction from the date of each
23 deduction until the date of his withdrawal from the service.

24 (b) A policeman may receive a refund until the annuity to
25 which he is entitled has been fixed. Thereafter, he shall have

1 no such right of refund.

2 (c) A policeman who withdraws the amount credited to him
3 surrenders and forfeits all rights to any annuity or other
4 benefit from the fund, for himself and for any other person or
5 persons who might otherwise have benefited through him. The
6 rights so forfeited shall be restored to him, his wife or widow
7 and his children upon full repayment as provided in Section
8 5-164.

9 If the policeman subsequently re-enters service before age
10 57, and has not so repaid in full the amounts refunded the
11 rights forfeited shall not be restored, but the policeman shall
12 retain the right (which is also secured to the widow) to have
13 the period of service represented by the refunds counted in the
14 compensation of length of service, except as otherwise provided
15 in Section 5-164.

16 (d) A policeman who has served less than 10 years who has
17 not received a refund shall have all amounts to his credit for
18 purposes on the date of his withdrawal improved by interest
19 while he is out of service until he attains age 57, if he
20 subsequently re-enters the service and attains a right to
21 annuity.

22 (e) If a policeman elects to make additional contribution
23 for past service as provided in Section 5-174 and fails to pay
24 such contributions in full within the time specified in said
25 section, a refund of the amount so paid, with interest at
26 1-1/2% per year, compounded annually, shall be refunded as

1 provided in said section.

2 (f) If a policeman makes contributions in accordance with
3 the provisions of Section 5-174(b) and subsequently returns to
4 the position he holds by certification and appointment as the
5 result of competitive civil service examination, he shall
6 receive a refund of such contributions, upon application
7 therefor, together with interest at 1-1/2% per year on each
8 such deduction from the date it was made to the date of refund.
9 Application for refund must be made before the annuity to which
10 he has a right has been fixed.

11 (Source: P.A. 81-1536.)

12 (40 ILCS 5/5-167.1) (from Ch. 108 1/2, par. 5-167.1)

13 Sec. 5-167.1. Automatic increase in annuity; retirement
14 from service after September 1, 1967.

15 (a) A policeman who retires from service after September 1,
16 1967 with at least 20 years of service credit shall, upon
17 either the first of the month following the first anniversary
18 of his date of retirement if he is age 60 (age 55 if born before
19 January 1, 1966 ~~1955~~) or over on that anniversary date, or upon
20 the first of the month following his attainment of age 60 (age
21 55 if born before January 1, 1966 ~~1955~~) if it occurs after the
22 first anniversary of his retirement date, have his then fixed
23 and payable monthly annuity increased by 1 1/2% and such first
24 fixed annuity as granted at retirement increased by an
25 additional 1 1/2% in January of each year thereafter up to a

1 maximum increase of 30%. Beginning January 1, 1983 for
2 policemen born before January 1, 1930, and beginning January 1,
3 1988 for policemen born on or after January 1, 1930 but before
4 January 1, 1940, and beginning January 1, 1996 for policemen
5 born on or after January 1, 1940 but before January 1, 1945,
6 and beginning January 1, 2000 for policemen born on or after
7 January 1, 1945 but before January 1, 1950, and beginning
8 January 1, 2005 for policemen born on or after January 1, 1950
9 but before January 1, 1955, and beginning January 1, 2017 for
10 policemen born on or after January 1, 1955 but before January
11 1, 1966, such increases shall be 3% and such policemen shall
12 not be subject to the 30% maximum increase.

13 Any policeman born before January 1, 1945 who qualifies for
14 a minimum annuity and retires after September 1, 1967 but has
15 not received the initial increase under this subsection before
16 January 1, 1996 is entitled to receive the initial increase
17 under this subsection on (1) January 1, 1996, (2) the first
18 anniversary of the date of retirement, or (3) attainment of age
19 55, whichever occurs last. The changes to this Section made by
20 Public Act 89-12 apply beginning January 1, 1996 and without
21 regard to whether the policeman or annuitant terminated service
22 before the effective date of that Act.

23 Any policeman born before January 1, 1950 who qualifies for
24 a minimum annuity and retires after September 1, 1967 but has
25 not received the initial increase under this subsection before
26 January 1, 2000 is entitled to receive the initial increase

1 under this subsection on (1) January 1, 2000, (2) the first
2 anniversary of the date of retirement, or (3) attainment of age
3 55, whichever occurs last. The changes to this Section made by
4 this amendatory Act of the 92nd General Assembly apply without
5 regard to whether the policeman or annuitant terminated service
6 before the effective date of this amendatory Act.

7 Any policeman born before January 1, 1955 who qualifies for
8 a minimum annuity and retires after September 1, 1967 but has
9 not received the initial increase under this subsection before
10 January 1, 2005 is entitled to receive the initial increase
11 under this subsection on (1) January 1, 2005, (2) the first
12 anniversary of the date of retirement, or (3) attainment of age
13 55, whichever occurs last. The changes to this Section made by
14 this amendatory Act of the 94th General Assembly apply without
15 regard to whether the policeman or annuitant terminated service
16 before the effective date of this amendatory Act.

17 Any policeman born before January 1, 1966 who qualifies for
18 a minimum annuity and retires after September 1, 1967 but has
19 not received the initial increase under this subsection before
20 January 1, 2017 is entitled to receive an initial increase
21 under this subsection on (1) January 1, 2017, (2) the first
22 anniversary of the date of retirement, or (3) attainment of age
23 55, whichever occurs last, in an amount equal to 3% for each
24 complete year following the date of retirement or attainment of
25 age 55, whichever occurs later. The changes to this subsection
26 made by this amendatory Act of the 99th General Assembly apply

1 without regard to whether the policeman or annuitant terminated
2 service before the effective date of this amendatory Act.

3 (b) Subsection (a) of this Section is not applicable to an
4 employee receiving a term annuity.

5 (c) To help defray the cost of such increases in annuity,
6 there shall be deducted, beginning September 1, 1967, from each
7 payment of salary to a policeman, 1/2 of 1% of each salary
8 payment concurrently with and in addition to the salary
9 deductions otherwise made for annuity purposes.

10 The city, in addition to the contributions otherwise made
11 by it for annuity purposes under other provisions of this
12 Article, shall make matching contributions concurrently with
13 such salary deductions.

14 Each such 1/2 of 1% deduction from salary and each such
15 contribution by the city of 1/2 of 1% of salary shall be
16 credited to the Automatic Increase Reserve, to be used to
17 defray the cost of the ~~1-1/2%~~ annuity increase provided by this
18 Section. Any balance in such reserve as of the beginning of
19 each calendar year shall be credited with interest at the rate
20 of 3% per annum.

21 Such deductions from salary and city contributions shall
22 continue while the policeman is in service.

23 The salary deductions provided in this Section are not
24 subject to refund, except to the policeman himself, in any case
25 in which: (i) the a policeman withdraws prior to qualification
26 for minimum annuity or Tier 2 monthly retirement annuity and

1 applies for refund, (ii) the policeman ~~or~~ applies for an
2 annuity of a type that is not subject to annual increases under
3 this Section, or (iii), ~~and also where~~ a term annuity becomes
4 payable. In such cases, the total of such salary deductions
5 shall be refunded to the policeman, without interest, and
6 charged to the Automatic Increase Reserve.

7 (d) Notwithstanding any other provision of this Article,
8 the Tier 2 monthly retirement annuity of a person who first
9 becomes a policeman under this Article on or after the
10 effective date of this amendatory Act of the 97th General
11 Assembly shall be increased on the January 1 occurring either
12 on or after (i) the attainment of age 60 or (ii) the first
13 anniversary of the annuity start date, whichever is later. Each
14 annual increase shall be calculated at 3% or one-half the
15 annual unadjusted percentage increase (but not less than zero)
16 in the consumer price index-u for the 12 months ending with the
17 September preceding each November 1, whichever is less, of the
18 originally granted retirement annuity. If the annual
19 unadjusted percentage change in the consumer price index-u for
20 a 12-month period ending in September is zero or, when compared
21 with the preceding period, decreases, then the annuity shall
22 not be increased.

23 For the purposes of this subsection (d), "consumer price
24 index-u" means the index published by the Bureau of Labor
25 Statistics of the United States Department of Labor that
26 measures the average change in prices of goods and services

1 purchased by all urban consumers, United States city average,
2 all items, 1982-84 = 100. The new amount resulting from each
3 annual adjustment shall be determined by the Public Pension
4 Division of the Department of Insurance and made available to
5 the boards of the pension funds by November 1 of each year.

6 (Source: P.A. 96-1495, eff. 1-1-11; 97-344, eff. 8-12-11.)

7 (40 ILCS 5/5-167.4) (from Ch. 108 1/2, par. 5-167.4)

8 Sec. 5-167.4. Widow annuitant minimum annuity.

9 (a) Notwithstanding any other provision of this Article,
10 beginning January 1, 1996, the minimum amount of widow's
11 annuity payable to any person who is entitled to receive a
12 widow's annuity under this Article is \$700 per month, without
13 regard to whether the deceased policeman is in service on or
14 after the effective date of this amendatory Act of 1995.

15 Notwithstanding any other provision of this Article,
16 beginning January 1, 1999, the minimum amount of widow's
17 annuity payable to any person who is entitled to receive a
18 widow's annuity under this Article is \$800 per month, without
19 regard to whether the deceased policeman is in service on or
20 after the effective date of this amendatory Act of 1998.

21 Notwithstanding any other provision of this Article,
22 beginning January 1, 2004, the minimum amount of widow's
23 annuity payable to any person who is entitled to receive a
24 widow's annuity under this Article is \$900 per month, without
25 regard to whether the deceased policeman is in service on or

1 after the effective date of this amendatory Act of the 93rd
2 General Assembly.

3 Notwithstanding any other provision of this Article,
4 beginning January 1, 2005, the minimum amount of widow's
5 annuity payable to any person who is entitled to receive a
6 widow's annuity under this Article is \$1,000 per month, without
7 regard to whether the deceased policeman is in service on or
8 after the effective date of this amendatory Act of the 93rd
9 General Assembly.

10 (b) Effective January 1, 1994, the minimum amount of
11 widow's annuity shall be \$700 per month for the following
12 classes of widows, without regard to whether the deceased
13 policeman is in service on or after the effective date of this
14 amendatory Act of 1993: (1) the widow of a policeman who dies
15 in service with at least 10 years of service credit, or who
16 dies in service after June 30, 1981; and (2) the widow of a
17 policeman who withdraws from service with 20 or more years of
18 service credit and does not withdraw a refund, provided that
19 the widow is married to the policeman before he withdraws from
20 service.

21 (b-5) Notwithstanding any other provision of this Article,
22 beginning January 1, 2017, the minimum widow's annuity under
23 this Article shall be no less than 125% of the Federal Poverty
24 Level for all persons receiving widow's annuities on or after
25 that date, without regard to whether the deceased policeman is
26 in service on or after the effective date of this amendatory

1 Act of the 99th General Assembly. For purposes of this Section,
2 "Federal Poverty Level" means the poverty guidelines
3 applicable to an individual in a single-person household
4 located in Illinois, as updated periodically in the Federal
5 Register by the United States Department of Health and Human
6 Services under the authority of 42 U.S.C. 9902(2).

7 (c) The city, in addition to the contributions otherwise
8 made by it under the other provisions of this Article, shall
9 make such contributions as are necessary for the minimum
10 widow's annuities provided under this Section in the manner
11 prescribed in Section 5-175.

12 (Source: P.A. 93-654, eff. 1-16-04.)

13 (40 ILCS 5/5-169) (from Ch. 108 1/2, par. 5-169)

14 Sec. 5-169. Contributions for age and service annuities or
15 Tier 2 monthly retirement annuities for present employees and
16 future entrants.

17 (a) Beginning on the effective date and before January 1,
18 1954, 3 1/2% per annum (except that beginning July 1, 1939 and
19 before January 1, 1954 for a future entrant, 4%) and beginning
20 January 1, 1954 and before August 1, 1957, 6%, and beginning
21 August 1, 1957, 7% of each payment of the salary of each
22 present employee and future entrant shall be deducted and
23 contributed to the fund for age and service annuity or Tier 2
24 monthly retirement annuity. The deductions shall be made from
25 each payment of salary and shall continue while the employee is

1 in service.

2 Any policeman whose employment has been transferred to the
3 police service of the city as a result of "An Act in relation
4 to or exchange of certain functions, property and personnel
5 among cities, and park districts having co-extensive
6 geographic areas and populations in excess of 500,000",
7 approved July 5, 1957, as now and hereafter amended, shall also
8 contribute a sum equal to 2% of the total salary received by
9 him in his employment between August 1, 1957 to July 17, 1959,
10 with the park district from which he has been transferred
11 together with interest on the unpaid contributions of 4% per
12 annum from July 17, 1959 to the date such payments are made.
13 Such additional sum may be paid at any time before the time
14 such policeman enters into age and service annuity.

15 Concurrently with each such deduction, beginning on the
16 effective date and prior to January 1, 1954, 8 1/2% (except for
17 a future entrant beginning on July 1, 1939, 9 5/7%) and
18 beginning January 1, 1954, 9 5/7% of each payment of salary
19 shall be contributed by the city, but in the case of a future
20 entrant who attains age 63 prior to January 1, 1988 while still
21 in service, no contributions shall be made for the period
22 between the date the employee attains age 63 and January 1,
23 1988.

24 (b) Each deduction from salary made prior to the date the
25 age and service annuity for the employee is fixed, and each
26 contribution by the city, shall be credited to the employee and

1 be improved by interest for a present employee during the time
2 he is in service until age and service annuity is fixed, and,
3 for a future entrant, during the time he is in service. The sum
4 accumulated shall be used to provide age and service annuity
5 for the employee.

6 Beginning September 1, 1967, the deductions from salary
7 provided in Section 5-167.1 shall also be made.

8 (Source: P.A. 86-272.)

9 (40 ILCS 5/5-170) (from Ch. 108 1/2, par. 5-170)

10 Sec. 5-170. Contributions for widow's annuities and Tier 2
11 surviving spouse's annuity ~~for present employees and future~~
12 ~~entrants~~. Beginning on the effective date 1%, and beginning
13 January 1, 1976, 1-1/2% of the salary of each male present
14 employee and future entrant shall be deducted and contributed
15 to the fund for widow's annuity or Tier 2 surviving spouse's
16 annuity; however, in the case of a future entrant who attains
17 age 63 prior to January 1, 1988 while still in service, no
18 deductions shall be made for the period between the date the
19 employee attains age 63 and January 1, 1988. The deductions
20 shall be made from each payment of salary and shall continue
21 during the employee's service.

22 An employee in the service and over age 57 on the effective
23 date of this amendatory Act of 1969 shall have the option of
24 contributing 1% of salary together with the effective rate of
25 interest for service rendered by him subsequent to his

1 attainment of age 57 and prior to such effective date. If such
2 retroactive contributions are made the wife or widow shall be
3 entitled to the widow's annuity provided in Section 5-136.

4 Concurrently with each such deduction, the city shall
5 contribute 2% of each such payment of salary.

6 Each deduction from salary and contribution by the city
7 shall be allocated to the account of and credited to the
8 employee. The amount so credited shall be improved at the
9 applicable rate of interest; except that in the case of an
10 employee who attains age 63 prior to January 1, 1988 while
11 still in service, no interest shall be credited between the
12 date the employee attains age 63 and January 1, 1988.

13 (Source: P.A. 86-272.)

14 (40 ILCS 5/5-238)

15 Sec. 5-238. Provisions applicable to new hires; Tier 2.

16 (a) Notwithstanding any other provision of this Article,
17 the provisions of this Section apply to a person who first
18 becomes a policeman under this Article on or after January 1,
19 2011, and to certain qualified survivors of such a policeman.
20 Such persons, and the benefits and restrictions that apply
21 specifically to them under this Article, may be referred to as
22 "Tier 2".

23 (b) A policeman who has withdrawn from service, has
24 attained age 50 ~~55~~ or more, and ~~who~~ has 10 or more years of
25 service in that capacity shall be entitled, upon proper

1 application being received by the Fund, at his option to
2 receive a Tier 2 monthly retirement annuity for his service as
3 a police officer. The Tier 2 monthly retirement annuity shall
4 be computed by multiplying 2.5% for each year of such service
5 by his or her final average salary, subject to an annuity
6 reduction factor of. ~~The retirement annuity of a policeman who~~
7 ~~is retiring after attaining age 50 with 10 or more years of~~
8 ~~creditable service shall be reduced by~~ one-half of 1% for each
9 month that the police officer's age at retirement is under age
10 55. The Tier 2 monthly retirement annuity is in lieu of any age
11 and service annuity or other form of retirement annuity under
12 this Article.

13 The maximum retirement annuity under this subsection (b)
14 shall be 75% of final average salary.

15 For the purposes of this subsection (b), "final average
16 salary" means the average monthly salary obtained by dividing
17 the total salary of the policeman during the 96 consecutive
18 months of service within the last 120 months of service in
19 which the total salary was the highest by the number of months
20 of service in that period.

21 Beginning on January 1, 2011, for all purposes under this
22 Code (including without limitation the calculation of benefits
23 and employee contributions), the annual salary based on the
24 plan year of a member or participant to whom this Section
25 applies shall not exceed \$106,800; however, that amount shall
26 annually thereafter be increased by the lesser of (i) 3% of

1 that amount, including all previous adjustments, or (ii)
2 one-half the annual unadjusted percentage increase (but not
3 less than zero) in the consumer price index-u for the 12 months
4 ending with the September preceding each November 1, including
5 all previous adjustments.

6 (c) Notwithstanding any other provision of this Article,
7 for a person who first becomes a policeman under this Article
8 on or after January 1, 2011, eligibility for and the amount of
9 the annuity to which the qualified surviving spouse, children,
10 and ~~or~~ parents are entitled under this subsection (c) shall be
11 determined as follows:

12 (1) The surviving spouse of a deceased policeman to
13 whom this Section applies shall be deemed qualified to
14 receive a Tier 2 surviving spouse's annuity under this
15 paragraph (1) if: (i) the deceased policeman meets the
16 requirements specified under subdivision (A), (B), (C), or
17 (D) of this paragraph (1); and (ii) the surviving spouse
18 would not otherwise be excluded from receiving a widow's
19 annuity under the eligibility requirements for a widow's
20 annuity set forth in Section 5-146. The Tier 2 surviving
21 spouse's annuity is in lieu of the widow's annuity
22 determined under any other Section of this Article and is
23 subject to the requirements of Section 5-147.1.

24 As used in this subsection (c), "earned annuity" means
25 a Tier 2 monthly retirement annuity determined under
26 subsection (b) of this Section, including any increases the

1 policeman had received pursuant to Section 5-167.1.

2 (A) If the deceased policeman was receiving an
3 earned annuity at the date of his or her death, the
4 Tier 2 surviving spouse's annuity under this paragraph
5 (1) shall be in the amount of 66 2/3% of the
6 policeman's earned annuity at the date of death.

7 (B) If the deceased policeman was not receiving an
8 earned annuity but had at least 10 years of service at
9 the time of death, the Tier 2 surviving spouse's
10 annuity under this paragraph (1) shall be the greater
11 of: (i) 30% of the annual maximum salary attached to
12 the classified civil service position of a first class
13 patrolman at the time of his death; or (ii) 66 2/3% of
14 the Tier 2 monthly retirement annuity that the deceased
15 policeman would have been eligible to receive under
16 subsection (b) of this Section, based upon the actual
17 service accrued through the day before the policeman's
18 death, but determined as though the policeman was at
19 least age 55 on the day before his or her death and
20 retired on that day.

21 (C) If the deceased policeman was an active
22 policeman with at least 1 1/2 but less than 10 years of
23 service at the time of death, the Tier 2 surviving
24 spouse's annuity under this paragraph (1) shall be in
25 the amount of 30% of the annual maximum salary attached
26 to the classified civil service position of a first

1 class patrolman at the time of his death.

2 (D) If the performance of an act or acts of duty
3 results directly in the death of a policeman subject to
4 this Section, or prevents him from subsequently
5 resuming active service in the police department, and
6 if the policeman's Tier 2 surviving spouse would
7 otherwise meet the eligibility requirements for a
8 compensation annuity or supplemental annuity granted
9 under Section 5-144, then in addition to the Tier 2
10 surviving spouse's annuity provided under subdivision
11 (A), (B), or (C) of this paragraph (1), whichever
12 applies, the Tier 2 surviving spouse shall be qualified
13 to receive compensation annuity or supplemental
14 annuity, as would be provided under Section 5-144, in
15 order to bring the total benefit up to the applicable
16 75% salary limitation provided in that Section, but
17 subject to the Tier 2 salary cap provided under
18 subsection (b) of this Section; except that no such
19 annuity shall be paid to the surviving spouse of a
20 policeman who dies while in receipt of disability
21 benefits when the policeman's death was caused by an
22 intervening illness or injury unrelated to the illness
23 or injury that had prevented him from subsequently
24 resuming active service in the police department.

25 (E) Notwithstanding any other provision of this
26 Article, the monthly Tier 2 surviving spouse's annuity

1 under subdivision (A) or (B) of this paragraph (1) ~~of a~~
2 ~~survivor of a person who first becomes a policeman~~
3 ~~under this Article on or after January 1, 2011~~ shall be
4 increased on the January 1 next occurring after (i)
5 attainment of age 60 by the recipient of the Tier 2
6 surviving spouse's annuity or (ii) the first
7 anniversary of the Tier 2 surviving spouse's annuity
8 start date, whichever is later, ~~survivor's annuity~~ and
9 on each January 1 thereafter, by 3% or one-half the
10 annual unadjusted percentage increase (but not less
11 than zero) in the consumer price index-u for the 12
12 months ending with the September preceding each
13 November 1, whichever is less, of the originally
14 granted Tier 2 surviving spouse's ~~survivor's~~ annuity.
15 If the unadjusted percentage change in the consumer
16 price index-u for a 12-month period ending in September
17 is zero or, when compared with the preceding period,
18 decreases, then the annuity shall not be increased.

19 For the purposes of this Section, "consumer price
20 index-u" means the index published by the Bureau of
21 Labor Statistics of the United States Department of
22 Labor that measures the average change in prices of
23 goods and services purchased by all urban consumers,
24 United States city average, all items, 1982-84 = 100.
25 The new amount resulting from each annual adjustment
26 shall be determined by the Public Pension Division of

1 the Department of Insurance and made available to the
2 boards of the pension funds.

3 (F) Notwithstanding the other provisions of this
4 paragraph (1), for a qualified surviving spouse who is
5 entitled to a Tier 2 surviving spouse's annuity under
6 subdivision (A), (B), (C), or (D) of this paragraph
7 (1), that Tier 2 surviving spouse's annuity shall not
8 be less than the amount of the minimum widow's annuity
9 established from time to time under Section 5-167.4.

10 (2) Surviving children of a deceased policeman subject
11 to this Section who would otherwise meet the eligibility
12 requirements for a child's annuity set forth in Sections
13 5-151 and 5-152 shall be deemed qualified to receive a Tier
14 2 child's annuity under this subsection (c), which shall be
15 in lieu of, but in the same amount and paid in the same
16 manner as, the child's annuity provided under those
17 Sections; except that any salary used for computing a Tier
18 2 child's annuity shall be subject to the Tier 2 salary cap
19 provided under subsection (b) of this Section. For purposes
20 of determining any pro rata reduction in child's annuities
21 under this subsection (c), references in Section 5-152 to
22 the combined annuities of the family shall be deemed to
23 refer to the combined Tier 2 surviving spouse's annuity, if
24 any, and the Tier 2 child's annuities payable under this
25 subsection (c).

26 (3) Surviving parents of a deceased policeman subject

1 to this Section who would otherwise meet the eligibility
2 requirements for a parent's annuity set forth in Section
3 5-152 shall be deemed qualified to receive a Tier 2
4 parent's annuity under this subsection (c), which shall be
5 in lieu of, but in the same amount and paid in the same
6 manner as, the parent's annuity provided under Section
7 5-152.1; except that any salary used for computing a Tier 2
8 parent's annuity shall be subject to the Tier 2 salary cap
9 provided under subsection (b) of this Section. For the
10 purposes of this Section, a reference to "annuity" in
11 Section 5-152.1 includes: (i) in the context of a widow, a
12 Tier 2 surviving spouse's annuity and (ii) in the context
13 of a child, a Tier 2 child's annuity.

14 (d) The General Assembly finds and declares that the
15 provisions of this Section, as enacted by Public Act 96-1495,
16 require clarification relating to necessary eligibility
17 standards and the manner of determining and paying the intended
18 Tier 2 benefits and contributions in order to enable the Fund
19 to unambiguously implement and administer benefits for Tier 2
20 members. The changes to this Section and the conforming changes
21 to Sections 5-153, 5-155, 5-163, 5-167.1 (except for the
22 changes to subsection (a) of that Section), 5-169, and 5-170
23 made by this amendatory Act of the 99th General Assembly are
24 enacted to clarify the provisions of this Section as enacted by
25 Public Act 96-1495, and are hereby declared to represent and be
26 consistent with the original and continuing intent of this

1 Section and Public Act 96-1495.

2 (e) The changes to Sections 5-153, 5-155, 5-163, 5-167.1
3 (except for the changes to subsection (a) of that Section),
4 5-169, and 5-170 made by this amendatory Act of the 99th
5 General Assembly are intended to be retroactive to January 1,
6 2011 (the effective date of Public Act 96-1495) and, for the
7 purposes of Section 1-103.1 of this Code, they apply without
8 regard to whether the relevant policeman was in service on or
9 after the effective date of this amendatory Act of the 99th
10 General Assembly.

11 (Source: P.A. 96-1495, eff. 1-1-11.)

12 (40 ILCS 5/6-128.4) (from Ch. 108 1/2, par. 6-128.4)

13 Sec. 6-128.4. Minimum widow's annuities.

14 (a) Notwithstanding any other provision of this Article,
15 beginning January 1, 1996, the minimum amount of widow's
16 annuity payable to any person who is entitled to receive a
17 widow's annuity under this Article is \$700 per month, without
18 regard to whether the deceased fireman is in service on or
19 after the effective date of this amendatory Act of 1995.

20 (b) Notwithstanding Section 6-128.3, beginning January 1,
21 1994, the minimum widow's annuity under this Article shall be
22 \$700 per month for (1) all persons receiving widow's annuities
23 on that date who are survivors of employees who retired at age
24 50 or over with at least 20 years of service, and (2) persons
25 who become eligible for widow's annuities and are survivors of

1 employees who retired at age 50 or over with at least 20 years
2 of service.

3 (c) Notwithstanding Section 6-128.3, beginning January 1,
4 1999, the minimum widow's annuity under this Article shall be
5 \$800 per month for (1) all persons receiving widow's annuities
6 on that date who are survivors of employees who retired at age
7 50 or over with at least 20 years of service, and (2) persons
8 who become eligible for widow's annuities and are survivors of
9 employees who retired at age 50 or over with at least 20 years
10 of service.

11 (d) Notwithstanding Section 6-128.3, beginning January 1,
12 2004, the minimum widow's annuity under this Article shall be
13 \$900 per month for all persons receiving widow's annuities on
14 or after that date, without regard to whether the deceased
15 fireman is in service on or after the effective date of this
16 amendatory Act of the 93rd General Assembly.

17 (e) Notwithstanding Section 6-128.3, beginning January 1,
18 2005, the minimum widow's annuity under this Article shall be
19 \$1,000 per month for all persons receiving widow's annuities on
20 or after that date, without regard to whether the deceased
21 fireman is in service on or after the effective date of this
22 amendatory Act of the 93rd General Assembly.

23 (f) Notwithstanding Section 6-128.3, beginning January 1,
24 2017, the minimum widow's annuity under this Article shall be
25 no less than 125% of the Federal Poverty Level for all persons
26 receiving widow's annuities on or after that date, without

1 regard to whether the deceased fireman is in service on or
2 after the effective date of this amendatory Act of the 99th
3 General Assembly. For purposes of this Section, "Federal
4 Poverty Level" means the poverty guidelines applicable to an
5 individual in a single-person household located in Illinois, as
6 updated periodically in the Federal Register by the United
7 States Department of Health and Human Services under the
8 authority of 42 U.S.C. 9902(2).

9 (Source: P.A. 93-654, eff. 1-16-04.)

10 (40 ILCS 5/6-150) (from Ch. 108 1/2, par. 6-150)

11 Sec. 6-150. Death benefit.

12 (a) Effective January 1, 1962, an ordinary death benefit
13 shall be payable on account of any fireman in service and in
14 receipt of salary on or after such date, which benefit shall be
15 in addition to all other annuities and benefits herein
16 provided. This benefit shall be payable upon death of a
17 fireman:

18 (1) occurring in active service while in receipt of
19 salary;

20 (2) on an authorized and approved leave of absence,
21 without salary, beginning on or after January 1, 1962, if
22 the death occurs within 60 days from the date the fireman
23 was in receipt of salary;

24 (3) receiving duty, occupational disease, or ordinary
25 disability benefit;

1 (4) occurring within 60 days from the date of
2 termination of duty disability, occupational disease
3 disability or ordinary disability benefit payments if
4 re-entry into service had not occurred; or

5 (5) occurring on retirement and while in receipt of an
6 age and service annuity, prior service annuity, Tier 2
7 monthly retirement annuity, or minimum annuity; provided

8 (a) retirement on such annuity occurred on or after January
9 1, 1962, and (b) such separation from service was effective
10 on or after the fireman's attainment of age 50, and (c)
11 application for such annuity was made within 60 days after
12 separation from service.

13 (b) The ordinary death benefit shall be payable to such
14 beneficiary or beneficiaries as the fireman has nominated by
15 written direction duly signed and acknowledged before an
16 officer authorized to take acknowledgments, and filed with the
17 board. If no such written direction has been filed or if the
18 designated beneficiaries do not survive the fireman, payment of
19 the benefit shall be made to his estate.

20 (c) Beginning July 1, 1983, if death occurs prior to
21 retirement on annuity and before the fireman's attainment of
22 age 50, the amount of the benefit payable shall be \$12,000.
23 Beginning July 1, 1983, if death occurs prior to retirement, at
24 age 50 or over, the benefit of \$12,000 shall be reduced \$400
25 for each year (commencing on the fireman's attainment of age 50
26 and thereafter on each succeeding birth date) that the

1 fireman's age, at date of death, is more than age 49, but in no
2 event below the amount of \$6,000.

3 Beginning July 1, 1983, if the fireman's death occurs while
4 he is in receipt of an annuity, the benefit shall be \$6,000.

5 (Source: P.A. 83-152.)

6 (40 ILCS 5/6-158) (from Ch. 108 1/2, par. 6-158)

7 Sec. 6-158. Refund - General.

8 (a) A fireman who withdraws before age 50 and a fireman
9 with less than 10 years of service who withdraws before age 57,
10 or any fireman who withdraws and enters the service of another
11 department of the city, has a right to a refund of the entire
12 amount to his credit as of the date of withdrawal for age and
13 service annuity or Tier 2 monthly retirement annuity, for
14 automatic annual increase in annuity as provided in Section
15 6-164, and for widow's annuity or Tier 2 surviving spouse's
16 annuity, from deductions from salary.

17 (b) Any such fireman shall be entitled to refund until he
18 re-enters service or until his annuity is fixed.

19 (c) A fireman who receives a refund forfeits all rights to
20 any annuity or benefit from the fund, for himself and for any
21 other person who might benefit through him because of his
22 service, provided he shall retain the right to credit for any
23 such service, for the purpose of computing his total service if
24 he re-enters service before age 57, becomes a beneficiary of
25 the fund and makes repayment of the refund with interest.

1 (d) A fireman completing 10 years of service who does not
2 receive a refund, may receive an annuity as provided in this
3 Article.

4 (e) A fireman completing less than 10 years who does not
5 receive a refund has a right to have all amounts to his credit
6 for annuity purposes on the date of withdrawal improved by
7 interest while he is out of service until age 57 only, for his
8 benefit and the benefit of any person who may have any right to
9 annuity through him, if he subsequently reenters service and
10 attains a right to annuity.

11 (Source: Laws 1965, p. 2464.)

12 (40 ILCS 5/6-164) (from Ch. 108 1/2, par. 6-164)

13 Sec. 6-164. Automatic annual increase; retirement after
14 September 1, 1959.

15 (a) A fireman qualifying for a minimum annuity who retires
16 from service after September 1, 1959 shall, upon either the
17 first of the month following the first anniversary of his date
18 of retirement if he is age 60 (age 55 if born before January 1,
19 1966 ~~1955~~) or over on that anniversary date, or upon the first
20 of the month following his attainment of age 60 (age 55 if born
21 before January 1, 1966 ~~1955~~) if that occurs after the first
22 anniversary of his retirement date, have his then fixed and
23 payable monthly annuity increased by 1 1/2%, and such first
24 fixed annuity as granted at retirement increased by an
25 additional 1 1/2% in January of each year thereafter up to a

1 maximum increase of 30%. Beginning July 1, 1982 for firemen
2 born before January 1, 1930, and beginning January 1, 1990 for
3 firemen born after December 31, 1929 and before January 1,
4 1940, and beginning January 1, 1996 for firemen born after
5 December 31, 1939 but before January 1, 1945, and beginning
6 January 1, 2004, for firemen born after December 31, 1944 but
7 before January 1, 1955, and beginning January 1, 2017, for
8 firemen born after December 31, 1954 but before January 1,
9 1966, such increases shall be 3% and such firemen shall not be
10 subject to the 30% maximum increase.

11 Any fireman born before January 1, 1945 who qualifies for a
12 minimum annuity and retires after September 1, 1967 but has not
13 received the initial increase under this subsection before
14 January 1, 1996 is entitled to receive the initial increase
15 under this subsection on (1) January 1, 1996, (2) the first
16 anniversary of the date of retirement, or (3) attainment of age
17 55, whichever occurs last. The changes to this Section made by
18 this amendatory Act of 1995 apply beginning January 1, 1996 and
19 apply without regard to whether the fireman or annuitant
20 terminated service before the effective date of this amendatory
21 Act of 1995.

22 Any fireman born before January 1, 1955 who qualifies for a
23 minimum annuity and retires after September 1, 1967 but has not
24 received the initial increase under this subsection before
25 January 1, 2004 is entitled to receive the initial increase
26 under this subsection on (1) January 1, 2004, (2) the first

1 anniversary of the date of retirement, or (3) attainment of age
2 55, whichever occurs last. The changes to this Section made by
3 this amendatory Act of the 93rd General Assembly apply without
4 regard to whether the fireman or annuitant terminated service
5 before the effective date of this amendatory Act.

6 Any fireman born before January 1, 1966 who qualifies for a
7 minimum annuity and retires after September 1, 1967 but has not
8 received the initial increase under this subsection before
9 January 1, 2017 is entitled to receive an initial increase
10 under this subsection on (1) January 1, 2017, (2) the first
11 anniversary of the date of retirement, or (3) attainment of age
12 55, whichever occurs last, in an amount equal to 3% for each
13 complete year following the date of retirement or attainment of
14 age 55, whichever occurs later. The changes to this subsection
15 made by this amendatory Act of the 99th General Assembly apply
16 without regard to whether the fireman or annuitant terminated
17 service before the effective date of this amendatory Act.

18 (b) Subsection (a) of this Section is not applicable to an
19 employee receiving a term annuity.

20 (c) To help defray the cost of such increases in annuity,
21 there shall be deducted, beginning September 1, 1959, from each
22 payment of salary to a fireman, 1/8 of 1% of each such salary
23 payment and an additional 1/8 of 1% beginning on September 1,
24 1961, and September 1, 1963, respectively, concurrently with
25 and in addition to the salary deductions otherwise made for
26 annuity purposes.

1 Each such additional 1/8 of 1% deduction from salary which
2 shall, on September 1, 1963, result in a total increase of 3/8
3 of 1% of salary, shall be credited to the Automatic Increase
4 Reserve, to be used, together with city contributions as
5 provided in this Article, to defray the cost of the ~~1-1/2%~~
6 annuity increments ~~herein~~ specified in this Section. Any
7 balance in such reserve as of the beginning of each calendar
8 year shall be credited with interest at the rate of 3% per
9 annum.

10 The salary deductions provided in this Section are not
11 subject to refund, except to the fireman himself, in any case
12 in which: (i) the a fireman withdraws prior to qualification
13 for minimum annuity or Tier 2 monthly retirement annuity and
14 applies for refund, (ii) the fireman or applies for an annuity
15 of a type that is not subject to annual increases under this
16 Section, or (iii), and also where a term annuity becomes
17 payable. In such cases, the total of such salary deductions
18 shall be refunded to the fireman, without interest, and charged
19 to the aforementioned reserve.

20 (d) Notwithstanding any other provision of this Article,
21 the Tier 2 monthly retirement annuity of a person who first
22 becomes a fireman under this Article on or after January 1,
23 2011 shall be increased on the January 1 occurring either on or
24 after (i) the attainment of age 60 or (ii) the first
25 anniversary of the annuity start date, whichever is later. Each
26 annual increase shall be calculated at 3% or one-half the

1 annual unadjusted percentage increase (but not less than zero)
2 in the consumer price index-u for the 12 months ending with the
3 September preceding each November 1, whichever is less, of the
4 originally granted retirement annuity. If the annual
5 unadjusted percentage change in the consumer price index-u for
6 a 12-month period ending in September is zero or, when compared
7 with the preceding period, decreases, then the annuity shall
8 not be increased.

9 For the purposes of this subsection (d), "consumer price
10 index-u" means the index published by the Bureau of Labor
11 Statistics of the United States Department of Labor that
12 measures the average change in prices of goods and services
13 purchased by all urban consumers, United States city average,
14 all items, 1982-84 = 100. The new amount resulting from each
15 annual adjustment shall be determined by the Public Pension
16 Division of the Department of Insurance and made available to
17 the boards of the pension funds by November 1 of each year.

18 (Source: P.A. 96-1495, eff. 1-1-11.)

19 (40 ILCS 5/6-166) (from Ch. 108 1/2, par. 6-166)

20 Sec. 6-166. Contributions for age and service annuities or
21 Tier 2 monthly retirement annuities for present employees and
22 future entrants.

23 (a) After the effective date and prior to July 1, 1953, 3
24 1/2%, and after June 30, 1953, and prior to September 1, 1959,
25 6%, and beginning September 1, 1959, 7 1/8% of each payment of

1 the salary of each present employee and future entrant shall be
2 deducted and contributed to the fund for age and service
3 annuity or Tier 2 monthly retirement annuity. The deductions
4 shall be made at the time payments of salary are payable and
5 shall continue while the employee is in service.

6 Concurrently with each such contribution, the city shall
7 contribute 8 1/2% of each payment of salary, but the city
8 contributions shall cease for all employees upon their
9 attainment of age 63.

10 (b) Each contribution by the employee and the city shall be
11 allocated to the account of and credited to the employee, and
12 shall be improved by interest at the applicable rate during the
13 time he is in service until the age and service annuity is
14 fixed. Any accretion, by way of interest or otherwise, upon
15 such sum or any deduction from salary made after the annuity is
16 fixed for a present employee or after attainment of age 63 by a
17 future entrant who first becomes a fireman under this Article
18 before January 1, 2011 shall not be credited to the employee
19 for age and service annuity.

20 (Source: P.A. 76-1668.)

21 (40 ILCS 5/6-167) (from Ch. 108 1/2, par. 6-167)

22 Sec. 6-167. Contributions for widow's annuity and Tier 2
23 surviving spouse's annuity. Beginning on the effective date and
24 prior to September 1, 1957, 1% of each payment of salary of not
25 more than \$3,000 of each employee and beginning September 1,

1 1957, 1% of each payment of salary of not more than \$6,000 of
2 each present employee and future entrant shall be deducted and
3 contributed to the fund for widow's annuity. After September 1,
4 1967 and prior to January 1, 1976, 1%, and beginning January 1,
5 1976, 1 1/2% of salary without limitation shall be deducted
6 from the pay of each present employee and future entrant and
7 contributed to the fund for widow's annuity or Tier 2 surviving
8 spouse's annuity. The deduction shall be made at the time the
9 payments of salary are payable and shall continue during the
10 service of the employee.

11 Concurrently with each contribution, the city shall
12 contribute 2% of each payment of salary.

13 Each contribution by the employee and the city shall be
14 allocated to the accounts of and credited to the employee for
15 widow's annuity or Tier 2 surviving spouse's annuity.

16 (Source: P.A. 79-633.)

17 (40 ILCS 5/6-229)

18 Sec. 6-229. Provisions applicable to new hires; Tier 2.

19 (a) Notwithstanding any other provision of this Article,
20 the provisions of this Section apply to a person who first
21 becomes a fireman under this Article on or after January 1,
22 2011, and to certain qualified survivors of such a fireman.
23 Such persons, and the benefits and restrictions that apply
24 specifically to them under this Article, may be referred to as
25 "Tier 2".

1 (b) A fireman who has withdrawn from service, has attained
2 age 50 55 or more, and who has 10 or more years of service in
3 that capacity shall be entitled, upon proper application being
4 received by the Fund, at his option to receive a Tier 2 monthly
5 retirement annuity for his service as a fireman. The Tier 2
6 monthly retirement annuity shall be computed by multiplying
7 2.5% for each year of such service by his or her final average
8 salary, subject to an annuity reduction factor of. ~~The~~
9 ~~retirement annuity of a fireman who is retiring after attaining~~
10 ~~age 50 with 10 or more years of creditable service shall be~~
11 ~~reduced by~~ one-half of 1% for each month that the fireman's age
12 at retirement is under age 55. The Tier 2 monthly retirement
13 annuity is in lieu of any age and service annuity or other form
14 of retirement annuity under this Article.

15 The maximum retirement annuity under this subsection (b)
16 shall be 75% of final average salary.

17 For the purposes of this subsection (b), "final average
18 salary" means the average monthly salary obtained by dividing
19 the total salary of the fireman during the 96 consecutive
20 months of service within the last 120 months of service in
21 which the total salary was the highest by the number of months
22 of service in that period.

23 Beginning on January 1, 2011, for all purposes under this
24 Code (including without limitation the calculation of benefits
25 and employee contributions), the annual salary based on the
26 plan year of a member or participant to whom this Section

1 applies shall not exceed \$106,800; however, that amount shall
2 annually thereafter be increased by the lesser of (i) 3% of
3 that amount, including all previous adjustments, or (ii)
4 one-half the annual unadjusted percentage increase (but not
5 less than zero) in the consumer price index-u for the 12 months
6 ending with the September preceding each November 1, including
7 all previous adjustments.

8 (b-5) For the purposes of this Section, "consumer price
9 index-u" means the index published by the Bureau of Labor
10 Statistics of the United States Department of Labor that
11 measures the average change in prices of goods and services
12 purchased by all urban consumers, United States city average,
13 all items, 1982-84 = 100. The new amount resulting from each
14 annual adjustment shall be determined by the Public Pension
15 Division of the Department of Insurance and made available to
16 the boards of the retirement systems and pension funds by
17 November 1 of each year.

18 (c) Notwithstanding any other provision of this Article,
19 for a person who first becomes a fireman under this Article on
20 or after January 1, 2011, eligibility for and the amount of the
21 annuity to which the qualified surviving spouse, children, and
22 ~~or~~ parents of the fireman are entitled under this subsection
23 (c) shall be determined as follows:

24 (1) The surviving spouse of a deceased fireman to whom
25 this Section applies shall be deemed qualified to receive a
26 Tier 2 surviving spouse's annuity under this paragraph (1)

1 if: (i) the deceased fireman meets the requirements
2 specified under subdivision (A), (B), (C), or (D) of this
3 paragraph (1); and (ii) the surviving spouse would not
4 otherwise be excluded from receiving a widow's annuity
5 under the eligibility requirements for a widow's annuity
6 set forth in Section 6-142. The Tier 2 surviving spouse's
7 annuity is in lieu of the widow's annuity determined under
8 any other Section of this Article and is subject to the
9 requirements of Section 6-143.2.

10 As used in this subsection (c), "earned pension" means
11 a Tier 2 monthly retirement annuity determined under
12 subsection (b) of this Section, including any increases the
13 fireman had received pursuant to Section 6-164.

14 (A) If the deceased fireman was receiving an earned
15 pension at the date of his or her death, the Tier 2
16 surviving spouse's annuity under this paragraph (1)
17 shall be in the amount of 66 2/3% of the fireman's
18 earned pension at the date of death.

19 (B) If the deceased fireman was not receiving an
20 earned pension but had at least 10 years of service at
21 the time of death, the Tier 2 surviving spouse's
22 annuity under this paragraph (1) shall be the greater
23 of: (i) 30% of the salary attached to the rank of first
24 class firefighter in the classified career service at
25 the time of the fireman's death; or (ii) 66 2/3% of the
26 Tier 2 monthly retirement annuity that the deceased

1 fireman would have been eligible to receive under
2 subsection (b) of this Section, based upon the actual
3 service accrued through the day before the fireman's
4 death, but determined as though the fireman was at
5 least age 55 on the day before his or her death and
6 retired on that day.

7 (C) If the deceased fireman was an active fireman
8 with at least 1 1/2 but less than 10 years of service
9 at the time of death, the Tier 2 surviving spouse's
10 annuity under this paragraph (1) shall be in the amount
11 of 30% of the salary attached to the rank of first
12 class firefighter in the classified career service at
13 the time of the fireman's death.

14 (D) Notwithstanding subdivisions (A), (B), and (C)
15 of this paragraph (1), if the performance of an act or
16 acts of duty results directly in the death of a fireman
17 subject to this Section, or prevents him from
18 subsequently resuming active service in the fire
19 department, then a surviving spouse who would
20 otherwise meet the eligibility requirements for a
21 death in the line of duty widow's annuity granted under
22 Section 6-140 shall be deemed to be qualified for a
23 Tier 2 surviving spouse's annuity under this
24 subdivision (D); except that no such annuity shall be
25 paid to the surviving spouse of a fireman who dies
26 while in receipt of disability benefits when the

1 fireman's death was caused by an intervening illness or
2 injury unrelated to the illness or injury that had
3 prevented him from subsequently resuming active
4 service in the fire department. The Tier 2 surviving
5 spouse's annuity calculated under this subdivision (D)
6 shall be in lieu of, but in the same amount and paid in
7 the same manner as, the widow's annuity provided under
8 Section 6-140; except that the salary used for
9 computing a Tier 2 surviving spouse's annuity under
10 this subdivision (D) shall be subject to the Tier 2
11 salary cap provided under subsection (b) of this
12 Section.

13 (E) Notwithstanding any other provision of this
14 Article, the monthly Tier 2 surviving spouse's annuity
15 under subdivision (A) or (B) of this paragraph (1) ~~of a~~
16 ~~survivor of a person who first becomes a fireman under~~
17 ~~this Article on or after January 1, 2011~~ shall be
18 increased on the January 1 next occurring after (i)
19 attainment of age 60 by the recipient of the Tier 2
20 surviving spouse's annuity or (ii) the first
21 anniversary of the Tier 2 surviving spouse's annuity
22 start date, whichever is later, ~~survivor's pension~~ and
23 on each January 1 thereafter, by 3% or one-half the
24 annual unadjusted percentage increase in the consumer
25 price index-u for the 12 months ending with September
26 preceding each November 1, whichever is less, of the

1 originally granted Tier 2 surviving spouse's
2 ~~survivor's~~ annuity. If the annual unadjusted
3 percentage change in the consumer price index-u for a
4 12-month period ending in September is zero or, when
5 compared with the preceding period, decreases, then
6 the annuity shall not be increased.

7 (F) Notwithstanding the other provisions of this
8 paragraph (1), for a qualified surviving spouse who is
9 entitled to a Tier 2 surviving spouse's annuity under
10 subdivision (A), (B), (C), or (D) of this paragraph
11 (1), that Tier 2 surviving spouse's annuity shall not
12 be less than the amount of the minimum widow's annuity
13 established from time to time under Section 6-128.4.

14 (2) Surviving children of a deceased fireman subject to
15 this Section who would otherwise meet the eligibility
16 requirements for a child's annuity set forth in Sections
17 6-147 and 6-148 shall be deemed qualified to receive a Tier
18 2 child's annuity under this subsection (c), which shall be
19 in lieu of, but in the same amount and paid in the same
20 manner as, the child's annuity provided under those
21 Sections; except that any salary used for computing a Tier
22 2 child's annuity shall be subject to the Tier 2 salary cap
23 provided under subsection (b) of this Section. For purposes
24 of determining any pro rata reduction in child's annuities
25 under this subsection (c), references in Section 6-148 to
26 the combined annuities of the family shall be deemed to

1 refer to the combined Tier 2 surviving spouse's annuity, if
2 any, and the Tier 2 child's annuities payable under this
3 subsection (c).

4 (3) Surviving parents of a deceased fireman subject to
5 this Section who would otherwise meet the eligibility
6 requirements for a parent's annuity set forth in Section
7 6-149 shall be deemed qualified to receive a Tier 2
8 parent's annuity under this subsection (c), which shall be
9 in lieu of, but in the same amount and paid in the same
10 manner as, the parent's annuity provided under Section
11 6-149; except that any salary used for computing a Tier 2
12 parent's annuity shall be subject to the Tier 2 salary cap
13 provided under subsection (b) of this Section. For the
14 purposes of this Section, a reference to "annuity" in
15 Section 6-149 includes: (i) in the context of a widow, a
16 Tier 2 surviving spouse's annuity and (ii) in the context
17 of a child, a Tier 2 child's annuity.

18 (d) The General Assembly finds and declares that the
19 provisions of this Section, as enacted by Public Act 96-1495,
20 require clarification relating to necessary eligibility
21 standards and the manner of determining and paying the intended
22 Tier 2 benefits and contributions in order to enable the Fund
23 to unambiguously implement and administer benefits for Tier 2
24 members. The changes to this Section and the conforming changes
25 to Sections 6-150, 6-158, 6-164 (except for the changes to
26 subsection (a) of that Section), 6-166, and 6-167 made by this

1 amendatory Act of the 99th General Assembly are enacted to
2 clarify the provisions of this Section as enacted by Public Act
3 96-1495, and are hereby declared to represent and be consistent
4 with the original and continuing intent of this Section and
5 Public Act 96-1495.

6 (e) The changes to Sections 6-150, 6-158, 6-164 (except for
7 the changes to subsection (a) of that Section), 6-166, and
8 6-167 made by this amendatory Act of the 99th General Assembly
9 are intended to be retroactive to January 1, 2011 (the
10 effective date of Public Act 96-1495) and, for the purposes of
11 Section 1-103.1 of this Code, they apply without regard to
12 whether the relevant fireman was in service on or after the
13 effective date of this amendatory Act of the 99th General
14 Assembly.

15 (Source: P.A. 96-1495, eff. 1-1-11.)

16 Section 90. The State Mandates Act is amended by adding
17 Section 8.40 as follows:

18 (30 ILCS 805/8.40 new)

19 Sec. 8.40. Exempt mandate. Notwithstanding Sections 6 and 8
20 of this Act, no reimbursement by the State is required for the
21 implementation of any mandate created by this amendatory Act of
22 the 99th General Assembly.

23 Section 99. Effective date. This Act takes effect upon

1 becoming law.".